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## **Grantmaking to School Districts: Lessons for Foundations**

**Julia Coffman  
Heather Weiss  
Erin Harris  
Priscilla M.D. Little**

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**For questions or comments about this paper,  
email [hfrp\\_pubs@gse.harvard.edu](mailto:hfrp_pubs@gse.harvard.edu)**

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Harvard Family Research Project • Harvard Graduate School of Education • 3 Garden Street • Cambridge, MA • 02138  
www.hfrp.org • Email: [hfrp\\_pubs@gse.harvard.edu](mailto:hfrp_pubs@gse.harvard.edu) • Tel: 617-495-9108 • Fax: 617-495-8594

Many foundations across the country make grants directly to school districts. A 2008 survey of Grantmakers for Education members found that 68% of the members that responded (n=152, or 64% of the total membership) made grants with districts and schools, and 58% reported having increased their funding to districts in the last five years.<sup>1</sup> Consequently, much has been learned about this area of grantmaking. Harvard Family Research Project collected lessons and best practices from foundations with experience in this area to share with other foundations that are considering a move in this direction. Foundations that already invest in school districts can also use this brief as a “check” of sorts on their thinking about their school district grantmaking, to ensure that the relevant factors and lessons discussed here have been considered.

## Methodology

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We collected data on foundation funding for school districts using four methods:

**Document review**—We conducted an extensive document review and Web scan on approaches used and lessons generated in this area, focusing primarily on the last two decades.

**Foundation scan**—We reviewed the grantmaking strategies of 20 well-known education funders in the U.S. to determine the purpose of their investments with school districts, and the types of interventions they are currently funding (topics, grades covered, district staff involved, funding amount, length of time).<sup>2</sup>

**Targeted interviews and inquiries**—We reached out to a select group of foundations and colleagues who we thought would have a useful perspective on this question. The list of individuals we reached out to is in the appendix.<sup>3</sup>

**GEO listserv**—Grantmakers for Effective Organizations (GEO) maintains an active listserv on which members post questions and receive responses from colleagues. We posted a question and received a number of responses. The list of foundations that responded is in the appendix.

## Lessons on Grantmaking with School Districts

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Grants to school districts can serve diverse purposes. They can, for example, try to improve education by creating better schools, school leaders, teachers, curricula, or community supports and connections.<sup>4</sup> Consequently, grants to school districts cover many different topics and come

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<sup>1</sup> Grantmakers for Education (2008). *Benchmarking trends in education philanthropy 2008*. Portland, OR: Author.

<sup>2</sup> The Atlantic Philanthropies, Eli & Edythe Broad Foundation, Carnegie Corporation of New York, Annie E. Casey Foundation, Michael & Susan Dell Foundation, Ford Foundation, Bill & Melinda Gates Foundation, George Gund Foundation, GE Foundation, The Heinz Endowments, William & Flora Hewlett Foundation, W.K. Kellogg Foundation, John D. & Catherine T. MacArthur Foundation, McKnight Foundation, Charles Stewart Mott Foundation, Robertson Foundation, Silicon Valley Community Foundation, Wallace Foundation, Walton Family Foundation, and Weingart Foundation.

<sup>3</sup> Some key informants offered their responses by email, while others were interviewed.

<sup>4</sup> Lenkowsky, L., & Spencer, E. (2001). *The history of philanthropy for education reform*. Washington, DC: Thomas B. Fordham Institute. Available online at: [www.edexcellence.net/detail/news.cfm?news\\_id=318&pubsubid=845#845](http://www.edexcellence.net/detail/news.cfm?news_id=318&pubsubid=845#845)

in many different sizes. Some may be as small as \$10,000 to purchase a new computer system, while others offer millions of dollars to launch new schools. A recent study of foundation funding of school districts (the study looked at 593 grants made by 236 foundations) found that the average grant size was about \$165,000, and the median grant size was about \$40,000. That same study found that school district grants covered 43 distinct topics, with the highest majority (20%) for curricula improvements, followed by teacher-related improvements (10%).<sup>5</sup>

Because of this substantial diversity, there is no one-size-fits-all answer on how to best approach grantmaking with school districts (as is typically the case). We can, however, frame the lessons gathered from our document review and outreach in a way that helps foundations to think carefully about which districts they select, and about the variables that can either help or hurt a school district grant's success. To do this, we turn to a familiar tool—the theory of change—to help frame our findings.

## Theory of Change: Grantmaking with School Districts

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A theory of change is a visual representation of how change is expected to occur. It provides a picture of the strategies required to produce the short-term outcomes that are necessary to achieve longer-term goals.

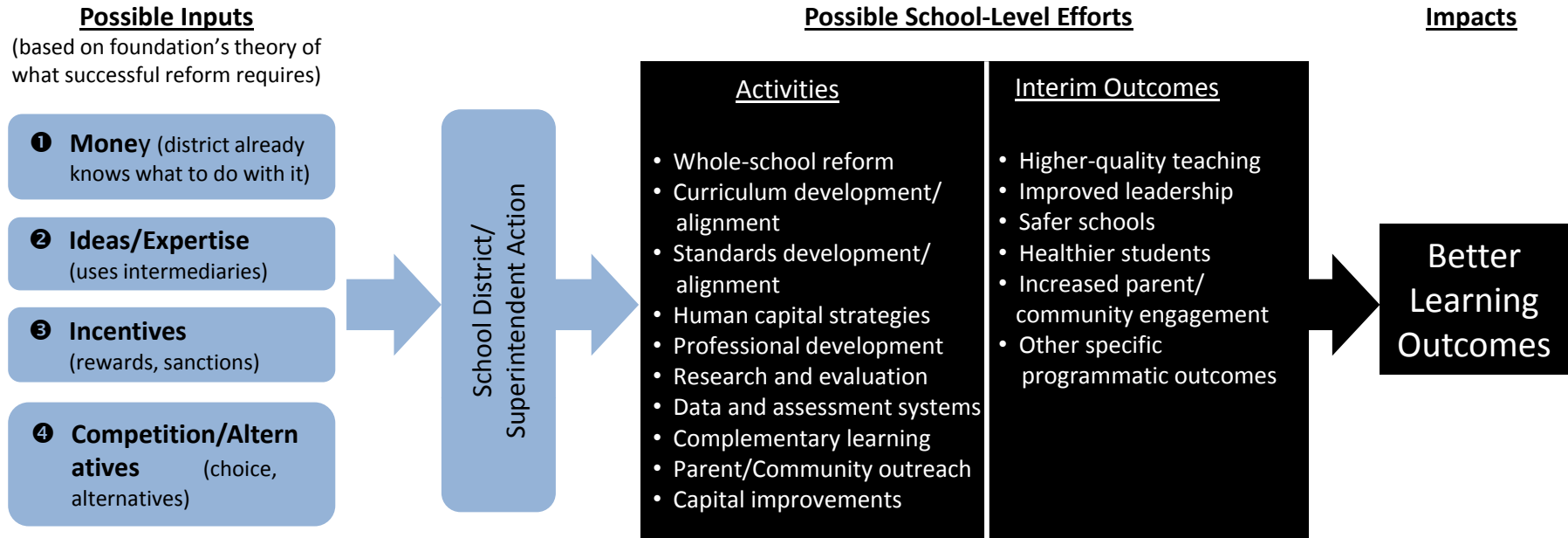
The figure on the next page has all of the components that are in most theories of change—inputs, activities, interim outcomes, impacts, and contextual variables. Normally, the focus in a figure like this is on the activities, outcomes, and impacts, as that is where grantee-level work takes place. Our focus here, however, is on the *inputs* and *contextual variables* (everything in the blue boxes), because the actual activities that take place in districts or schools (and their outcomes) depend entirely on what a foundation is trying to accomplish. For example, the different goals of promoting parent and community involvement, reforming teaching practices, or better aligning curricula across grades require different strategies and activities within schools.

Our focus here is not on narrowing down what foundations should fund districts and schools specifically to do (represented by the black boxes in the theory of change). Rather, our focus is on presenting what other foundations have learned from their successes and failures in achieving school-level reforms. It is also on presenting the range of contextual variables that should be considered when making and later monitoring foundation investments.

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<sup>5</sup> Klopott, S. M. (2009, April). *Foundation funding of school districts: What is the effect on education policy, where does the money go, and what is the correlation between foundation characteristics and giving patterns?* Paper prepared for the Annual Meeting of the Midwest Political Science Association, Chicago, IL.

# Grantmaking with School Districts



## Contextual Variables

<b>District and/or School Leadership</b> (at the level of intended change)	<b>Support/Opposition</b> (on the reform)	<b>District Environment</b>	<b>Surrounding Environment</b>
Perceived strength/credibility	Teachers	Budget	Regulations and statutes
Stability (including School Board relationship)	Unions	Staffing (support, changes)	Contracts
Alignment of priorities and theory of change	Parents	Test scores	Funding
Political and community capital	Policymakers	Reputation (for innovation)	Politics
	Community Groups		

## Inputs

The inputs in the figure on the previous page represent the broad ways in which foundations can structure their grants to school districts. Each input represents a different “theory” about what successful reform requires.<sup>6</sup> Typically, a foundation will subscribe to one of the four inputs or theories represented in the figure. Foundations can also subscribe to blended or hybrid theories that combine two or more inputs. Usually, however, there is a dominant theory.

**Money.** This approach is based on the notion that if you give more resources to a district, it will do a better job. It assumes that the district already knows how to improve, but it lacks the cash to put its plans in motion. Here, the school district is the agent of change and the foundation is more of a passive facilitator. The input, then, is foundation funding in response to a district request. *(Example: There are countless examples of school districts that have asked foundations for funding to support specific programs or reforms.)*

**Ideas/Expertise.** This approach assumes that districts may not have the necessary know-how or technical capacity to improve. Therefore, a district is funded to implement an idea or innovation that originates with an outside source (e.g., the foundation). The theory is that once the district tries the idea, the benefits will be clear (especially if the foundation supports evaluation of the idea’s implementation), and the district will want to sustain or scale up the innovation over time. Often, foundations also bring in an outside intermediary or technical assistance provider to help the school with the reform effort (and with its attempts to scale up), and the intermediary becomes an important agent of change. The input in this case is an idea or innovation, along with support from an intermediary to help implement it. *(Example: The half-billion dollar Annenberg Challenge in the 1990s was an example of this approach, with part of the money going to nine urban school districts and part of the money supporting intermediaries to work with them.)*

Foundations that subscribe to this theory must think carefully about the sustainability of the idea and the foundation’s role in helping to achieve that sustainability when funding ends. There are also risks in funding intermediary groups and expecting school districts to collaborate with them. Expecting outsiders to achieve change within a complex system can be a tall order.

**Incentives.** This approach tries to “pull” districts and schools toward better results. It rewards (or sanctions) districts if they meet certain requirements or achieve certain results that are in line with a foundation’s goals. This assumes that districts or the schools in them may not be motivated enough to change on their own and need extra incentives to move in the desired direction. Here, the foundation is the agent of change with its role of selecting the winners and losers (or the criteria for choosing them). The input with this approach is incentives (or sanctions). *(Example: The foundations that are funding i3*

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<sup>6</sup> These were drawn in large part from the lessons that emerged from the Annenberg Challenge in the 1990s, a half-billion dollar gift to public education from Walter Annenberg. See Finn Jr., C., & Kanstoroom, M. (2000). Lessons from the Annenberg Challenge. *Can philanthropy fix our schools? Appraising Walter Annenberg’s \$500 million gift to public education*. Washington, DC: Thomas B. Fordham Foundation.

*proposals (winners or otherwise) are an example of this approach. The Broad Prize for districts showing high levels of performance and closing the achievement gap is another. The 2002 pulling of funds from the Pittsburgh Public Schools by The Heinz Endowments, The Pittsburgh Foundation, and The Grable Foundation is an example of the flip side of this approach).*

**Competition/Alternatives.** This option funds competitive alternatives to existing or dominant approaches in school districts (e.g., schools, programs, policies, personnel systems, etc.). It tends to see existing bureaucracy and status quo thinking as the problem, and puts funding where it is least affected by it. Here, the users of existing or alternative approaches are the agents of change because they have the power to make choices about which approaches are best. *(Example: Funding charter schools or vouchers within a school district.)*

We talked to foundations that subscribe to each theory, and to foundations that subscribe to different theories for different kinds of reform efforts. Our research revealed that the second approach of funding ideas/expertise is most common when foundations are looking to advance a particular education reform agenda and are trying to leverage small to medium-size grants.

We also uncovered examples of both success and failure for each theory. For example, the Annenberg Challenge grants to urban school districts and intermediaries (an example of the second approach) produced lackluster results, at best. Again, there is no one right answer to which theory will be most successful. The point is that the foundation should be clear about which theory it subscribes to for its investments. That decision will affect how grants are structured, the expectations for those grants, and the role that foundations may need to play in ensuring the grants are successful.

## Contextual Variables

Although numerous foundations invest in school districts, these investments often are made with some degree of skepticism and with tempered expectations. We heard many examples of important contextual variables that can impact the success or failure of reform efforts. We grouped these variables into four categories.<sup>7</sup>

### District or School Leadership

This variable, by far, was identified as the most important for a foundation to consider. (Leadership development is also a popular focus of foundation grants to districts.) Primarily it refers to district superintendents, but also mentioned in this category were assistant superintendents, school boards, principals, and career staff at the central office. Four main aspects of leadership were mentioned:

- **Perceived strength/credibility.** Nearly every foundation we heard from said it was essential to invest in a district where the leadership is strong and seen as credible, both

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<sup>7</sup> When examining potential district grantees on these variables, foundations might want to consider asking a third party to conduct the assessment (or to review the foundation's assessment).

inside and outside the district. External credibility is particularly important if districts are to be “models” for other districts in the state.

- **Stability.** While there was not universal agreement on the importance of stability (because strong leaders generally take risks), this was mentioned by most as critical, particularly if reforms are expected to take time to gather momentum. Leadership shifts usually mean a shift in priorities and reform philosophy. In considering superintendent stability, it is important to take into account his or her relationship with the school board, as the school board has the ability to hire and fire superintendents. In addition, the school board’s appetite for reform generally, and its support for the specific reform in question, are important to consider.

The general advice here is to expect leadership to change and to prepare for it. For example, several foundations we talked to take this issue so seriously that they recommend including a “contingency clause” for key personnel. If they leave, the foundation is in a position to withdraw its money if desired, or it can put the project on hold until the appropriate leadership has been established. Others ask the district to be clear in its proposal about how it plans to institutionalize the reform, and what will happen if leadership changes. Finally, to mitigate this risk, some foundations work with multiple levels of school leadership on any given project—e.g., superintendent, school board, and principals.

- **Aligned priorities and theory of change.** Experience suggests that reforms will work best when they are already part of school district reform plans, or are reasonably aligned with those plans. If the foundation wants to fund a reform effort that is a “hard sell” for district leaders or is not regarded as a priority, then chances of success or long-term sustainability are small. Successful reform requires that a school district and its leaders are, at least to some extent, open to the idea of being “reformed.”
- **Political and community capital.** This factor is related to the notion of perceived strength and credibility, but deserves its own mention. Political capital is a leader’s image in the broader community and the extent to which he or she can use that image to help move an agenda. Political capital may not be relevant for all types of foundation investments in school districts. But for issues that involve multiple stakeholder groups with vested interests (some of whom carry unfavorable attitudes toward school systems), political capital can be important.

### **Support/Opposition**

We discussed above the importance of considering the community’s perceptions of district leadership. Here, the consideration is on the reform itself and how it is perceived.

- **Teachers, unions, parents, policymakers, community groups.** The support of each stakeholder group is important to consider on an issue that affects many individuals and organizations both inside and outside the school walls. Keep in mind that while important decisions are made at the district level, another layer of important decisions are made at the school level during the implementation of those decisions.

While some reforms will generate very low levels of visibility and potential opposition, others may generate a great deal, or at least some level of resistance. For example, in 2009 several anonymous foundations pledged \$200 million to D.C. schools. But the money was contingent on the district's superintendent, Michelle Rhee, getting a labor agreement with the teachers union on a pay for performance system. The Washington Teachers' Union was resistant to this idea and uneasy with the foundations' involvement, saying teachers' pay should not depend on philanthropic donations. (Rhee eventually got an agreement, with some key concessions.)

It is also important to consider whether resistance among stakeholder groups might show up after a grant's implementation begins. In some cases, key informants said foundations may want to make additional grants to either help generate support for the district's reforms, or to ensure that the potential opposition or resistance is mollified.

### **District Environment**

In general, it is important for foundations to recognize that districts and schools are not like other nonprofit organizations or grantees. As one expert said, "A school system is not an agile, nimble organization where if you can just hire the right people and start the right programs, you can turn things around quickly." "School superintendents operate in an 'incoherent system' where the forces that influence school district operations are scattered/centrifugal, rather than working in concert to integrate curriculum, teacher, and student."<sup>8</sup>

Our research also revealed the importance of paying attention to the following aspects of a district's environment.

- **Budget, staffing, and test scores.** School districts need to be able to focus sufficient attention on the reform that is being funded. If the district and its teachers and staff are under serious pressure to change or improve in other ways, *and if they do not see the foundation's investment as an important part of those changes*, then the district may be too distracted to focus on what the foundation wants it to do. As one key informant put it: "The schools can't be in an uproar about survival issues, whether they be staff getting fired or transferred, huge budget cuts, or in-the-toilet test scores."
- **Reputation.** Just as it is important to assess the reputation of the school's leadership, it is important to assess the district's reputation. Does it have a history of trying new things and being an "independent thinker"? Does it have a reputation for sound fiscal management and clear accountability mechanisms? If a foundation is investing in an innovation that it hopes to scale up to other districts, do others pay attention to that district and regard it as a successful innovator? Will others be able to relate to the district and its experiences?

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<sup>8</sup> Business Higher Education Forum (2008). *Lessons in education philanthropy*. Proceedings from BHEF's Inaugural Institute for Strategic Investment in Education. Harvard Graduate School of Education, p. 5.

## Surrounding Environment

The surrounding environment includes the external factors that can impact a district grant's success. These are issues on which district leaders have little direct control. They may act as constraints on, or enablers of, a grant's implementation.<sup>9</sup>

- **Regulations and statutes.** These are legal and regulatory influences on the district from the local, state (Department of Education), or federal level (e.g., *No Child Left Behind*).  
Several key informants mentioned that if sustainability of the funded reform requires state-level policy change, or a change in how the state relates to school districts, then it is important that the foundation support efforts to achieve changes *at both levels*. That may mean making separate grants that align with school district efforts, or funding school district leaders to play a role in state-level change efforts.
- **Contracts.** This includes agreements between the districts and various bargaining units (i.e., teacher's unions).
- **Funding.** This refers to all public and private sources of revenue available to the state, including foundation grants. While districts can develop their own budgets, this is the total amount of funding available to them.

In thinking about what funding is available, it is important to consider that districts in some communities are able to receive additional funding through special taxes, or they raise money through other sources (like PTAs). This supplemental funding helps districts to be more flexible in funding programs or reforms. Districts in low-income communities, however, generally have a hard time raising significant funds in these ways.

Key informants said it is important to have realistic expectations about what foundations can achieve with their investments. After all, of the over \$500 billion that is spent on K–12 education each year, philanthropy is just a small fraction.

But new sources of funding, such as the federal Race to the Top program or i3 grants, can represent opportunities to leverage foundation dollars. Connecting the grant to another or larger reform effort that is happening in the district can go a long way. As one key informant put it plainly, “It is best to use smaller investments to leverage other funding.” Without other “hooks,” the grant may not get sufficient priority or traction. Grants that are seen as isolated and short-term investments may not receive the attention that foundations desire. The other side of this recommendation is to make sure that the grant is not at odds with, or in direct competition with, other district reform efforts.

- **Politics.** This is the political landscape in which the district operates. It includes local governance issues, special interest groups, and electoral politics at the local, state, and federal levels. Governors, state education agency personnel, and mayors, for example, can have a major impact on a district and its ability to implement a grant successfully. So can changes or turnover in those elected officials.

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<sup>9</sup> Categories are from Childress, S., Elmore, R., Grossman, A. S., King, C. (2006). *Note on the PELP coherence framework*. Cambridge, MA: Public Education Leadership Project at Harvard University.

## Additional Recommendations

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Below are select recommendations from key informants that did not fit directly into our findings above, but are useful to consider.

- Several key informants said it can be particularly hard to achieve sufficient leverage with small investments in really large school districts, and recommended working with smaller or medium-size districts (e.g., 30,000-60,000 kids). As one key informant said, “Size matters. \$150,000 would be ‘lost’ in a large district.”
- “Have a structure in place to execute and nurture the grant (e.g., standing committee that oversees the work or a person housed at the district office several days a week). Schools operate best with routines and patterns, so anything you do with them has to be institutionalized.”
- “Because each district will have its own needs and focus, give options and choices; do not preset the grant’s specific focus.” “Be flexible. Foundations generally have too many strings attached to their grants. It is important to remember that with school districts it works best if the process is iterative.”
- Take a staged approach. Before going for full district funding, go first for “proof of concept.” This may mean, for example, giving a smaller planning grant first to determine if the district is committed to the reform in question.
- “You can’t just make and then walk away from school district grants.” Foundation staff should expect that the grants will require some hands-on engagement in order to be successful. At the same time, the foundation should be clear upfront about its expected role and level of engagement.
- “Thinking about a strategy of what to fund is in part based on the legacy a foundation wants to leave. If you want to go for lasting reforms then you need to make ‘riskier’ investments for school districts. Going for policy change is risky, but the potential payoff is high.”

## Questions to Consider

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We conclude with four questions that foundations should consider when planning district investments:

- 1) Which of the four inputs discussed (money, ideas/expertise, incentives/competition, competition/alternatives) is best aligned with the foundation’s mission and overall strategy?
- 2) Is the foundation’s thinking about what is needed in the district consistent with what district leaders think? Are grantmaking plans aligned with that thinking?
- 3) Which contextual variables are most important to consider in selecting schools districts for investments? Are any of these variables deal breakers?
- 4) How might the presence of any of the contextual factors in districts (negative or positive) affect how grants are structured and monitored?

## Appendix

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### Targeted Key Informants

- Aeyola Boothe-Kinlaw, Wallace Foundation
- Keith Collar, Harvard Graduate School of Education
- An-Me Chung, Charles Stewart Mott Foundation
- Sharon Deich, Cross & Jofus (education consulting firm)
- Nicholas Donohue, Nellie Mae Foundation
- Ron Fairchild, National Summer Learning Association
- Jackie Williams Kaye, The Atlantic Philanthropies
- Bruno Manno, Walton Family Foundation (formerly the Annie E. Casey Foundation)
- Gregory McGinity, Eli and Edythe Broad Foundation
- Marge Petruska, The Heinz Endowments
- Elizabeth Pauley, The Boston Foundation
- Christy Pichel, Stuart Foundation
- Kevin Rafter and Kathryn Furano, James Irvine Foundation
- Joseph Rosier and Annette Beuchler, Rapides Foundation
- Tom Schultz, Council of Chief State School Officers
- Don Shalvey, Bill & Melinda Gates Foundation
- Ann Segal, Wellspring Advisors
- Cole Wilbur, David and Lucile Packard Foundation
- Huilan Yang, W.K. Kellogg Foundation

### GEO Listserv Respondents

- Jamie Baxter, Chesapeake Bay Trust (Annapolis, MD)
- Gregg Behr, The Grable Foundation
- Rebecca Donham, MetroWest Community Health Care Foundation (Framingham, MA)
- Cyrus Driver, Ford Foundation
- Mark Eiduson, Flintridge Center (Pasadena, CA)
- Jerry Mathiasen, Iowa West Foundation (Council Bluffs, IA)
- Reed Morgan, Iowa West Foundation (Council Bluffs, IA)
- Karen Wilken, Kern Family Foundation (Waukesha, WI)